



TATA COFFEE LIMITED (TCL)

Policy for Determining Material Subsidiaries

Effective from 1st April 2019

1. Background and Objective of the Policy

Considering the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time (hereinafter referred as “SEBI Listing Regulations”), Tata Coffee Limited (“TCL”) has formulated the policy for determining “material” subsidiary (“Policy”). This Policy has been approved by the Board of Directors of the Company vide its resolution dated 22nd March, 2019. Going forward, the Board of Directors would review and amend the Policy / procedures, as and when required.

The objective of the Policy is to determine material subsidiaries of the Company and to provide a governance framework for such material subsidiaries.

2. Definitions

In this Policy, unless the context otherwise requires:-

- a. **"Board of Directors"** shall mean the Board of Directors of Tata Coffee Limited.
- b. **"Company"** means Tata Coffee Limited.
- c. **"Independent Director"** means a director of the Company, not being a whole-time director and who is neither a promoter nor belongs to the promoter group of the Company and who satisfies other criteria for independence under the Companies Act, 2013 and the SEBI Listing Regulations.
- d. **"Promoter and 'Promoter Group"** shall have the same meaning as assigned to them respectively in clauses (za) and (zb) of sub-regulation (1) of regulation 2 of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
- e. **"Subsidiary"** means a subsidiary as defined under sub-section(87) of section 2 of the Companies Act, 2013;

All other words and expressions used but not defined in this Policy, but defined in the SEBI Act, 1992, Companies Act, 2013, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and / or the rules and regulations made thereunder shall have the same meaning as respectively assigned to them in such Acts or rules or regulations or any statutory modification or re-enactment thereto, as the case may be.

3. Threshold for Materiality

A subsidiary shall be considered as **Material** if –

- the income or net worth exceeds **ten percent** of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year

Material Non-Listed Indian Subsidiary shall mean a Subsidiary which is incorporated in India and is not listed on the Indian Stock Exchanges.

A list of such Material subsidiaries and Material Non-Listed Indian Subsidiaries shall be presented to the Audit Committee annually for its noting.

4. Requirements regarding Material Subsidiary

The Company, without passing a special resolution in its General Meeting, shall not:-

- dispose shares in the material subsidiary which would reduce its shareholding (either on its own or together with other subsidiaries) to less than 50% or which would cease the exercise of control over the subsidiary, except in cases where such divestment is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved, or
- sell, dispose or lease the assets amounting to more than 20% of the assets of the material subsidiary on an aggregate basis during a financial year, unless in cases where the divestment/ sale/ disposal/ lease is made under a scheme of arrangement duly approved by a Court/Tribunal or under a resolution plan duly approved under section 31 of the Insolvency Code and such an event is disclosed to the recognized stock exchanges within one day of the resolution plan being approved.

5. Additional Requirements for Material Non-Listed Subsidiary

At least one Independent Director on the Board of the Company shall be a Director on the Board of the material non-listed subsidiary company, whether incorporated in India or not.

For the purposes of this requirement, “material subsidiary” shall mean a subsidiary (overseas as well as Indian), whose income or net worth exceeds twenty percent of the consolidated income or net worth respectively, of the listed entity and its subsidiaries in the immediately preceding accounting year.”

Every Material Non-listed subsidiaries, incorporated in India, shall undertake Secretarial Audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a Company Secretary in practice, in such form as may be specified by SEBI.

6. Requirements regarding Non-Listed Subsidiary Company (Overseas as well as Indian)

- The Audit Committee of the Company shall also review the financial statements, in particular, the investments made by the unlisted subsidiary company.
- The minutes of the Board meetings of the unlisted subsidiary company shall be placed at the Board meeting of the Company.
- The Management shall periodically bring to the attention of the Board of Directors of the Company, a statement of all significant transactions and arrangements entered into by the Non-listed subsidiary company.

Explanation:

The term “significant transaction or arrangement” shall mean any individual transaction or arrangement that exceeds or is likely to exceed 10% of the total revenues or total expenses or total assets or total liabilities, as the case may be, of the Non-Listed subsidiary for the immediately preceding accounting year.

7. Policy Review

The Authorized Persons may review the Policy from time to time. Material Changes to the Policy will need the approval of the Board of Directors.

Should there be any inconsistency between the terms of the Policy and the SEBI Listing Regulations, the provisions of the SEBI Listing Regulations shall prevail.

Any amendments to the SEBI Listing Regulations shall *mutatis mutandi* be deemed to have been incorporated in this Policy.

8. Effective Date

The Policy as approved by the Board of Directors shall be effective from **April 1, 2019** and shall supersede the earlier policy approved by the Board in this regard from that date.
